2000-2001:

(i) Poor quality and inadequate supply of natural gas to most of the gas-based fertilizer plants.

(ii) Equipment breakdowns in FCI, HFC, NLC & MFL plants.

(iii) Shortage of raw materials faced by PPL, Paradeep and HLL, Haldia plants engaged in the manufacture of phosphatic fertilizers.

(iv) Delay in stabilization of DAP plants of OCF, Paradeep and Indo-Gulf Dahej due to teething problems.

(v) Low production of complex grade fertilizers on account of financial constraints/shortage of raw materials.

(vi) Production loss of 45,000 MT of Nitrogen and 1,15,000 of Phosphate during January to March, 2001 at Kandla Plant of IFFCO due to earthquake in Gujarat.

2001-2002:

(i) Inadequate and poor quality of natural gas supply to all gas based fertilizer plants.

(ii) Equipment breakdowns in urea plant of FACT, Cochin-I, IFFCO, Aonla-I and SPIC, Tuticorin.

(iii) Non-stabilization of production of DAP/Complex fertilizer plant of IFFCO at Kandla during April-May, 2001 as a fall out of Gujarat earthquake.

(iv) Labour strike and shortage of phosphoric acid in PPL, paradeep.

(v) Shortage of raw-materials and marketing constraints of DAP fertilizers.

(vi) Delay in commissioning of GSFC, Sikka-II DAP unit.

Recovery of subsidy from urea units

5425. SHRI VIJAY J. DARDA: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether Government have decided to phase out the vintage allowance given to urea units as recommended by the Expenditure Reforms Commission;

(b) whether the fertilizer units would have to cough up at least Rs. 1900 crores excess payment made to industry *via* subsidy mechanism;

(c) if so, the amount of subsidy to be recovered from each unit; and

(d) how Government propose to recover this amount from the urea units and to what extent their production would be affected as a result thereof?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SATYA BRATA MOOKHERJEE): (a) Expenditure Reforms Commission has not made any recommendation with regard to phasing out of vintage allowance.

(b) to (d) Retention Price, based on norms/parameters approved for a pricing period in respect of various cost elements and expenses, is paid to urea manufacturing units in terms of the provisons of Retention Price Scheme introduced in November, 1977 and continued thereafter with some modification from time to time.

Vintage allowance of 5% each both in respect of capacity utilisation norm and consumption norm for urea units that had been in operation for ten years or more was introduced during the Vth Pricing Period *w.e.f.* 1.4.1988 as one of the policy parameters within the overall framework of Retention Price Scheme, and was continued for the VIth Pricing Period *i.e.* up to 30.6.1977. Finalization of policy parameters/norms including vintage allowance for the VIIth and VIIIth Pricing Period commencing from 1.7.1997 would be announced after approval of the competent authority. Implementation of the final policy parameters may lead to recovery from some units and payments to some others, based upon the facts of each case. The actual amount of payment/recovery for each unit would depend upon the pricing parameters that are finally approved. Government does not envisage any significant adverse effect on production/availability of urea consequent upon implementation of the final pricing parameters/norms.

Distributiorship of IPCL

5426. SHRI YADLAPATI VENKAT RAO:
SHRI K. KALAVENKATA RAO:

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state: